SaskBuilds

Government of Saskatchewan

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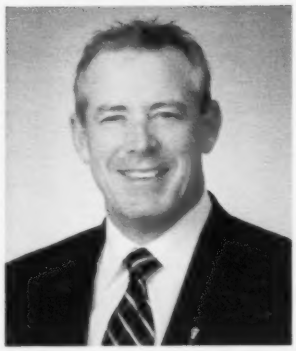
Letter of Transmittal – Minister



Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of SaskBuilds Corporation for the period from October 17, 2012 to March 31, 2013.

Saskatchewan is undergoing perhaps the most exciting and transformative period in its history. Our province is currently experiencing significant economic growth and is attracting record levels of investment. As a result, more people live and work here than ever before. This, in turn, is driving demand for infrastructure investment to support the growth we are seeing and create the conditions that will enable further growth in the future.

SaskBuilds was established by Order In Council on October 17, 2012 as a centrepiece of the Saskatchewan Plan for Growth. SaskBuilds' role is to plan and prioritize the Provincial Government's major infrastructure investments and to drive innovation in infrastructure delivery.

This report details initial successes of SaskBuilds within the 2012-13 fiscal period. This report also highlights SaskBuilds' activities to fulfill the Government's commitment to increased accountability, honouring its commitments and responsibly managing expenditures for its first five months of operations, from November 2012 to March 2013.

Sincerely,

Honourable Don McMorris
Minister Responsible and Chair of SaskBuilds Board

Letter of Transmittal – Message from Interim President and CEO

The Honourable Don McMorris
Minister Responsible for SaskBuilds and Chair of SaskBuilds Board

Dear Sir:

I have the honour of submitting the Annual Report of SaskBuilds Corporation for the period from October 17, 2012 to March 31, 2013.

Infrastructure investment is an important part of the Government's Growth Agenda. SaskBuilds has been established to drive innovation in infrastructure financing, design and delivery. The new SaskBuilds Fund will be used to develop partnerships with other levels of government and the private sector.

This report details the introduction and establishment of SaskBuilds and its initial activities during the first five months of operations.

As Interim President and Chief Executive Officer (CEO), I take responsibility for the financial administration and management control of SaskBuilds. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

Respectfully submitted,

Brian Manning
Interim President and CEO

Introduction

This annual report for SaskBuilds presents the Corporation's results on activities and outcomes for the period ending March 31, 2013. It reports to the public and elected officials on public commitments made and other key accomplishments of the Corporation.

The 2012-13 Annual Report is presented in relation to Government's vision and four goals. The *Saskatchewan Plan for Growth – Vision 2020 and Beyond* was released in October, 2012 and the Corporation's direction is closely aligned with this plan.

The report demonstrates progress made on Government commitments as stated in the *Government Direction for 2012-13: Keeping the Saskatchewan Advantage*, the throne speech and *The Saskatchewan Plan for Growth*.

The annual report demonstrates the Corporation's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Corporation's activities in 2012-13 align with Government's vision and four goals:

Our Government's Vision

"...a strong and growing Saskatchewan, the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Government's Goals

- Sustaining growth and opportunities for Saskatchewan People
- Improving our quality of life
- Making life more affordable
- Delivering responsive and responsible government

Government's vision and four goals provide a directional framework for ministries, agencies and third parties to align with these priorities. The 2012-13 plans were developed to align with these priorities in order to achieve greater success in the efficient delivery of government services.

The 2012-13 annual reports provide an opportunity for all ministries and agencies to report on results achieved, or not yet achieved. This honours government's commitment to keep its promises and ensures greater transparency and accountability to the people of Saskatchewan.

Together, all ministries and agencies support the achievement of Government's four goals and work towards a growing and prosperous Saskatchewan.

SaskBuilds' mandate is intimately linked with Government's four goals. Population and economic growth is driving increased demand for infrastructure investment to both respond to growing demands and to stimulate further growth. This demand includes transportation infrastructure such as highways and overpasses, civil infrastructure such as water treatment plants and social infrastructure such as schools and health care facilities.

SaskBuilds is the lead central agency responsible for prioritizing, planning and coordinating infrastructure projects. In this role we advance Government's vision and four goals by assisting in the planning of projects that ensure public safety and enhance quality of life. At the same time, the corporation provides advice and recommendations on innovation in infrastructure delivery that will ensure timely completion of projects in an efficient manner.

Corporate Overview

The Government of Saskatchewan established SaskBuilds as a new Treasury Board Crown corporation on October 17, 2012.

The role of SaskBuilds is to establish a central process to advise upon, determine, plan, integrate, co-ordinate and prioritize the infrastructure needs of the Provincial Government. The Corporation is charged with developing annual and long-term capital development plans for infrastructure projects. SaskBuilds also advises on, recommends and drives innovation of the most effective and appropriate methods for advancing infrastructure projects including public-private partnerships. The new SaskBuilds Fund will be used to support these types of partnerships.

The immediate focus for SaskBuilds is to help plan and manage pressing, large-scale infrastructure demands that are high-cost (typically $100 million or more) and a priority for the Province. These infrastructure demands will not be met through conventional means in a timely manner.

The work of SaskBuilds is led by a Board of Directors that includes four Cabinet Ministers and two Government Members of the Legislative Assembly (MLA):

Honourable Don McMorris, Minister Responsible and Chair

Honourable Bill Boyd, Vice Chair

Honourable Ken Krawetz

Honourable Donna Harpauer

Honourable Wayne Elhard, MLA

Mr. Bill Hutchinson, MLA

Progress in 2012-13

SaskBuilds was established in October 2012 as a centrepiece of the Saskatchewan Plan for Growth. SaskBuilds' efforts for the first five months of operations were focused on setting up the Corporation and work towards fulfilling the Government commitments outlined in the Growth Plan. The following results were achieved in 2012-13:

Growth Plan Commitment:

The Government of Saskatchewan will establish SaskBuilds as a new government organization and create the SaskBuilds Fund to drive innovation in infrastructure financing, design and innovation, including public-private partnerships.

Key Actions and Results:

- SaskBuilds was established by Order In Council on October 17, 2012.

Growth Plan Commitment:

The Government of Saskatchewan will transfer $150 million from the Growth and Financial Security Fund to the SaskBuilds Fund and will continue to work with Saskatchewan municipalities to develop a municipal infrastructure program funded through SaskBuilds.

Key Actions and Results:

- On March 20, 2013, the Government announced The Growth and Financial Security Fund will allocate funds of $182.4 million for "Growth" including for needed infrastructure projects, potentially through public-private partnerships, that will benefit all Saskatchewan people.
- Work began to establish policies and procedures to guide how the money will be spent.

Growth Plan Commitment:

SaskBuilds will provide a central focus within the provincial government to coordinate infrastructure planning and delivery.

Key Actions and Results:

- Work began on developing an integrated capital infrastructure plan, which will help inform priorities and ensure necessary steps are taken now to sustain and enable further growth in the province.
- SaskBuilds coordinates the planning and delivery of specific infrastructure projects at Government's direction.

(continued)

Progress in 2012-13

Growth Plan Commitment:

The Government of Saskatchewan will invest $2.5 billion over the next three years in infrastructure.

Key Actions and Results:

- Government is on track to meet this goal.

Growth Plan Commitment:

The Government of Saskatchewan will improve infrastructure planning by releasing a capital plan for the next fiscal year each fall.

Key Actions and Results:

- This commitment is expected to be fulfilled in the fall of 2013.

Growth Plan Commitment:

The Government of Saskatchewan will increase planning initiatives at the provincial, regional and municipal levels to ensure infrastructure investments are coordinated and aligned with future population growth and private sector economic growth.

Key Actions and Results:

- This commitment will be fulfilled through the ongoing work of SaskBuilds.

Growth Plan Commitment:

The Government of Saskatchewan will ensure greater innovation and efficiency in both infrastructure design and financing.

Key Actions and Results:

- SaskBuilds initiated the planning and preparatory work for the following P3 opportunities:
  - Bundling new school construction;
  - Saskatchewan Hospital North Battleford;
  - Swift Current Long Term Care Facility; and,
  - The Regina Bypass Project.

PROVINCIAL AUDITOR
of Saskatchewan

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of SaskBuilds Corporation, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and accumulated surplus, statement of change in net financial assets, and statement of cash flows for the period from October 17, 2012 to March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

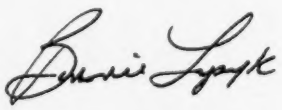
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of SaskBuilds Corporation as at March 31, 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the period from October 17, 2012 to March 31, 2013 in accordance with Canadian public sector accounting standards.



Regina, Saskatchewan
June 11, 2013

Bonnie Lysyk, MBA, CA
Provincial Auditor

2012-13 Financial Overview

Statement 1

Statement of Financial Position

As at March 31, 2013

	2013
Financial Assets	
Due From General Revenue Fund (Note 3)	$ 1,647,052
Accounts Receivable	5,376
GST Receivable	2,291
	1,654,719
Liabilities	
Accounts Payable and Accrued Liabilities	285,075
Net Financial Assets (Statement 3)	1,369,644
Non-Financial Assets	
Tangible Capital Assets (Note 8)	115,057
Accumulated Surplus (Statement 2)	**$ 1,484,701**

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD

Honourable Don McMorris, Chair

Brian Manning, Interim President & CEO

(continued)

2012-13 Financial Overview

Statement 2

Statement of Operations and Accumulated Surplus

For the period from October 17, 2012 to March 31, 2013

	2013 (Note 4)
Revenue	
Transfers from the General Revenue Fund	$ 2,000,000
Interest Earned (Note 3)	4,514
	2,004,514
Expenses (Note 7)	
Operating	450,418
Planning and Procurement	69,395
	519,813
Surplus	1,484,701
Accumulated Surplus, Beginning of Period	–
Accumulated Surplus, End of Period (Statement 1)	**$ 1,484,701**

(See accompanying notes to the financial statements)

(continued)

2012-13 Financial Overview

Statement 3

Statement of Change in Net Financial Assets

For the period from October 17, 2012 to March 31, 2013

	2013 (Note 4)
Surplus	$ 1,484,701
Acquisition of Tangible Capital Assets	(136,800)
Amortization of Tangible Capital Assets	21,743
Increase in Financial Assets	1,369,644
Net Financial Assets, Beginning of Period	-
Net Financial Assets, End of Period (Statement 1)	**$ 1,369,644**

(See accompanying notes to the financial statements)

(continued)

2012-13 Financial Overview

Statement 4

Statement of Cash Flows

For the period from October 17, 2012 to March 31, 2013

	2013
Cash (Used In) Provided by Operating Activities	
Cash Receipts from General Revenue Fund	$ 2,001,423
Cash Paid to Suppliers and Employees	(217,571)
	1,783,852
Cash (Used In) Capital Activities	
Purchase of Tangible Capital Assets	(136,800)
Increase in Cash Equivalents	1,647,052
Due from General Revenue Fund, Beginning of Period	–
Due from General Revenue Fund, End of Period	**$ 1,647,052**

(See accompanying notes to the financial statements)

(continued)

2012-13 Financial Overview

Notes to the Financial Statements

For the period from October 17, 2012 to March 31, 2013

1. Status of SaskBuilds Corporation

SaskBuilds Corporation was established by Order In Council 550/2012 on October 17, 2012.

SaskBuilds Corporation was created to integrate, coordinate and prioritize infrastructure spending of the Province of Saskatchewan. SaskBuilds provides advice and recommendations for advancing major infrastructure projects through innovative approaches to infrastructure development and alternative financing models such as public-private partnerships. SaskBuilds is a corporate body eligible to receive monies primarily appropriated by the Legislature for these purposes.

2. Significant Accounting Policies

These financial statements are prepared using Canadian Public Sector Accounting Standards and reflect the following significant accounting principles:

a) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue.

b) Expenses

Expenses represent the cost of resources consumed during the period.

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

d) Adoption of New Accounting Standards

SaskBuilds adopted Canadian Public Sector Accounting Standards PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3410 Government Transfers and PS 3450 Financial Instruments during the period. The adoption of these standards had no significant impact on SaskBuilds' financial results.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life once they are in service. Amortization is recorded on a straight line basis as follows:

Leasehold and Occupancy Improvements – lesser of useful or lease term

Office Furniture and Equipment – 5 years

(continued)

Notes to the Financial Statements

For the period from October 17, 2012 to March 31, 2013

3. Due from the General Revenue Fund

SaskBuilds' bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest received of $4,514 was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30 day interest rate of 1.10%.

4. Budget Approval

SaskBuilds did not receive an appropriation through the 2012-13 Budget. It received $2.0M in Supplementary Estimates through *The Appropriation Act, 2012 (No. 2)* on December 5, 2012.

5. Related Parties

These financial statements include routine transactions with related parties. SaskBuilds is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control or significant influence of the Government of Saskatchewan.

The Ministry of Central Services provides accommodation and property management, transportation services, purchasing, risk management, records management, telecommunications and mail distribution to SaskBuilds without charge. The Public Service Commission provides SaskBuilds with human resource administration and payroll services without charge.

The Ministry of Highways and Infrastructure provides SaskBuilds with communications, financial and administration services at a minimal charge of $1,000 for this setup period.

Related party transactions to March 31 include the following:

	2013
Accounts Receivable	5,376
Accounts Payable and Accrued Liabilities	131,682
Leasehold Improvements	49,071
Interest Earned	4,514
Expenses	61,571

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SaskBuilds pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

6. Financial Instruments

SaskBuilds' financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

(continued)

2012-13 Financial Overview

Notes to the Financial Statements

For the period from October 17, 2012 to March 31, 2013

7. Expenses by Object

	2013
a) **Operating**	
Administration	24,451
Advertising	14,592
Amortization	21,743
Professional Services	42,027
Rent of Space	50,646
Salaries and Benefits	286,656
Travel	10,303
	$ 450,418
b) **Planning and Procurement**	
External Professional Services	$ 69,395

8. Tangible Capital Assets

	Furniture & Equipment	Leasehold Improvements	2013 Totals
Opening Cost	$ –	$ –	$ –
Additions during the period	87,729	49,071	136,800
Closing Cost	87,729	49,071	136,800
Opening Accumulated Amortization	–	–	-
Amortization for the period	7,311	14,432	21,743
Closing Accumulated Amortization	7,311	14,432	21,743
Net Book Value of Tangible Capital Assets	**$ 80,418**	**$ 34,639**	**$ 115,057**

(continued)

For More Information

If you have any questions or comments, please call (306) 798-8014 or send an email to us at saskbuilds@gov.sk.ca.

Visit our website at www.saskbuilds.ca to find out more information about SaskBuilds.

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